

Message Text

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ACTION EUR-12

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TAGS: EGEN, PFOR, GW, FR

SUBJECT: FRANCO-GERMAN SUMMIT: ECONOMIC TOPICS

REF: PARIS 19199

1. IN SESSIONS THAT WERE BRIEFER THAN IN PREVIOUS
SUMMIT MEETINGS, GISCARD AND SCHMIDT FOCUSED
THEIR ATTENTION ON THE PROBLEM OF COORDINATING
MEASURES TO REVIVE GERMAN AND FRENCH ECONOMIES.
FRENCH PROPOSALS FOR STABILIZING EXCHANGE RATE
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FLUCTUATIONS AND FOR A SUMMIT CONFERENCE ON MONETARY

AND ECONOMIC PROBLEMS WERE ALSO HIGH ON THE AGENDA. HOWEVER, RAW MATERIALS AND ENERGY POLICY TOPICS INCLUDING THE PRODUCER/CONSUMER DIALOGUE WERE APPARENTLY GIVEN ONLY CURSORY TREATMENT.

2. IN PICKING UP THEME EXPRESSED IN JULY 26 LE MONDE THAT THE FRENCH AND GERMAN GOVERNMENTS CONSIDER THEIR ENTENTE AS THE MOTOR FOR EUROPEAN COOPERATION, DIE WELT REPORTED ON JULY 28 THAT GISCARD AND SCHMIDT BOTH GAVE EXPLICIT EMPHASIS TO THE LEADERSHIP ROLE OF THEIR COUNTRIES WITHIN THE EC. THEY ALSO STRESSED THE FULL FRANCO-GERMAN AGREEMENT ON THE STRENGTH AND EXTENT OF THE PRESENT RECESSION. HOWEVER, IN DISCUSSIONS OF WHAT TO DO ABOUT THE RECESSION, THEIR SUMMIT MEETING FELL SOMEWHAT SHORT OF EXPECTATIONS. AS FAR AS WE KNOW, NEITHER PARTNER COMMITTED HIMSELF TO UNDERTAKE EXPLICIT EXPANSIONARY MEASURES, NOR WAS THERE AGREEMENT ON COORDINATING THE TIMING OF SUCH MEASURES. GOVERNMENT CIRCLES IN BONN EXPRESS THE OPINION, HOWEVER, THAT THE FRENCH MAY PLACE EMPHASIS ON ACTION IN THE PUBLIC INVESTMENT SECTOR, AND IN STIMULATION OF PRIVATE CONSUMPTION THROUGH CHEAPER CREDIT. WHILE THE FRENCH MEASURES ARE EXPECTED TO BE ANNOUNCED SHORTLY, PERHAPS AFTER THE FRENCH CABINET MEETING ON JULY 29, GERMANS MADE IT CLEAR THAT FURTHER MEASURES WOULD ONLY BE CONSIDERED IN CONNECTION WITH LATE AUGUST CABINET DISCUSSIONS OF FEDERAL BUDGET. HOWEVER, THE OTHER MEMBERS OF THE SNAKE ARE EXPECTED TO TAKE MEASURES TO STIMULATE THEIR ECONOMIES WHICH WILL HARMONIZE WITH FRENCH AND GERMAN MEASURES. ACCORDING TO THE HANDELSBLATT, THE BENELUX MEMBERS AND DENMARK WERE INFORMED IMMEDIATELY AFTER THE MEETING OF THE CONTENTS OF THE SUMMIT DISCUSSIONS.

3. IN RESPONSE TO GISCARD'S CALL FOR A MONETARY CONFERENCE, SCHMIDT REPORTEDLY AGREED IN PRINCIPLE TO GERMAN PARTICIPATION. DIFFERENT NUANCES IN THE INTERPRETATIONS GIVEN BY THE SPOKESMEN OF BOTH LIMITED OFFICIAL USE

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GOVERNMENTS MAKE IT CLEAR, HOWEVER, THAT SOME CONFLICT OF VIEWS STILL EXISTS CONCERNING THE SUBSTANCE OF THIS CONFERENCE. THE HANDELSBLATT SPECULATED THAT SCHMIDT'S ACCEPTANCE OF THE GISCARD PROPOSAL WAS PREDICATED UPON THE INCLUSION OF GENERAL ECONOMIC POLICY ISSUES IN THE DISCUSSION. HILLENBRAND

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